Property Taxes Reimagined:
Fair Funding for Strong Communities

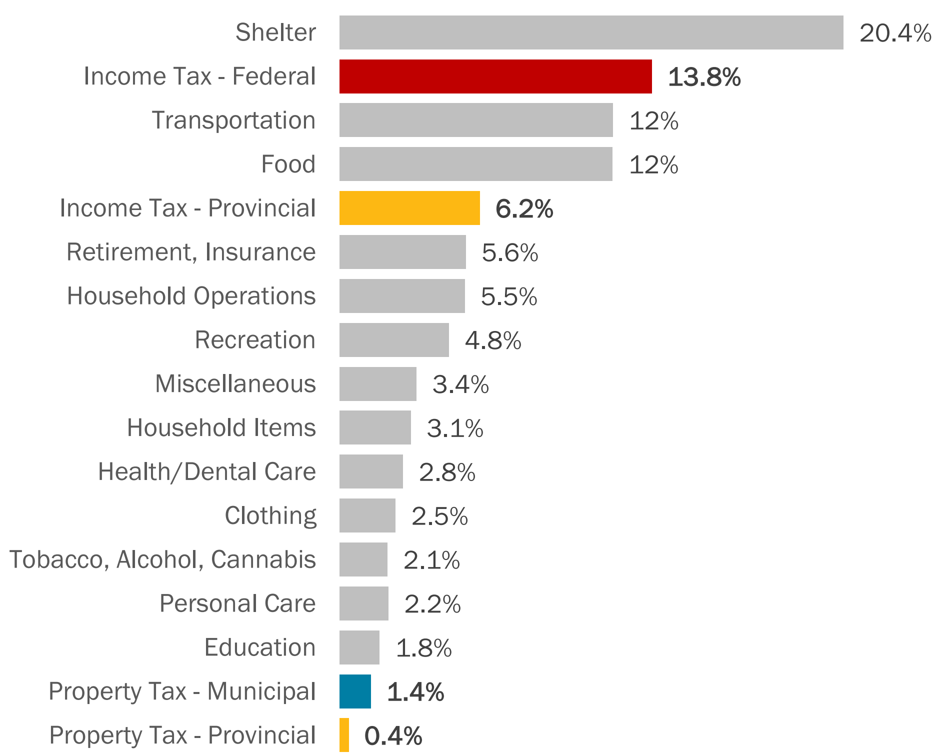
This is part of an informational series on the realities facing municipal government councils and the need to reimagine property taxes in Alberta.

For the average Alberta household, municipal property taxes represent about 1.4 per cent of their total household spending.

When the province's income tax and provincial property tax are added together, it represents about 6.6 per cent of household spending and federal income tax is about 13.8 per cent of spending.

Where you pay your taxes

Average Monthly Household Spending, Figure 1
(Alberta, 2023)



The taxes by level of government (red, yellow, and blue bars) only includes the main taxes that Albertans pay. Because of how the data is reported, some taxes and fees are included in other categories.

For example:

- The federal GST is included across all spending categories.
- Fuel taxes by the federal and provincial governments are included under transportation.
- Taxes on tobacco, cannabis, and alcohol are included in that specific category.
- Municipal fees for water usage are included under shelter.

Figure 1: Source is Statistics Canada's 2023 Survey of Household Spending for Alberta, Statistics Canada Table 11-10-0222-01 and Table 36-10-0450-01 with some grouping of select categories. The separation of income taxes between the federal and provincial government is estimated based on Statistics Canada data that 69% of total household income taxes collected in Alberta in 2023 went to the federal government. Property taxes are based on 'property and school taxes for owned living quarters' and ABmunis has estimated the provincial and municipal portions based on the proportion of total residential property taxes in Alberta using Alberta Municipal Affairs Municipal Financial Information Returns, Schedule K(3) (2023) and the Alberta government's education property tax requisition listing (2023).

Alberta Municipalities
Strength In Members

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What services are provided by each government?

Each level of government is responsible for different types of public services but in some cases, there is some overlap in responsibility. For example, the provincial and federal governments provide transfers to help municipal governments pay for high cost roads, water lines, and other local infrastructure. There are also services where the provincial and municipal governments share responsibilities in paying for policing in small communities, social support programs, and libraries.

<table>
<tr><th>Municipal Government</th><th>Provincial Government</th><th>Federal Government</th></tr>
<tr><td>Roads, sidewalks, transit</td><td>Highways</td><td>Airports</td></tr>
<tr><td>Water, sewer, wastewater</td><td>Hospitals, ambulances</td><td>Foreign affairs</td></tr>
<tr><td>Waste collection</td><td>Schools</td><td>Immigration</td></tr>
<tr><td>Parks, trails, playgrounds</td><td>Universities and colleges</td><td>Borders and passports</td></tr>
<tr><td>Recreation facilities</td><td>Courts, prisons, justice</td><td>Criminal law</td></tr>
<tr><td>Local policing</td><td>Sheriffs & provincial police</td><td>Military and national RCMP</td></tr>
<tr><td>Fire services</td><td>Homelessness</td><td>Banking</td></tr>
<tr><td>Bylaw enforcement</td><td>Social services, childcare</td><td>Child benefits</td></tr>
<tr><td>Land, building permits</td><td>Affordable housing</td><td>Employment insurance</td></tr>
<tr><td colspan="2" rowspan="2">Local policing in smaller communities
Social support services
Libraries</td><td>Postal service</td></tr>
<tr><td>Telecommunications</td></tr>
</table>

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What tax tools are used by each government?

Each level of government has various ways to collect money to pay for the services they provide. Some taxation tools are used by more than one government, like personal income tax is charged by the provincial and federal governments and property taxes are charged by both municipalities and the Alberta government.

Municipal Government	**Provincial** Government	**Federal** Government
Municipal property tax	Income tax	Income tax
User fees – water/garbage	Provincial property tax	GST
User fees – recreation/culture	User fees – tuition/vehicles	Customs import duties
Development fees/levies	Oil & gas royalties	Oil & gas royalties (offshore)
Franchise fees	Fuel tax	Fuel tax
Fines	Fines	Fines
Local improvement tax	Alcohol tax	Alcohol tax
Transfers (grants)	Tobacco/vaping/cannabis tax	Tobacco/vaping/cannabis tax
	Insurance tax	Tax on investments
	Tourism levy	Employment insurance
	Pollution tax	Pollution tax
	Transfers (grants)	

Note: This is a summary of the main revenue tools used by each level of government but does not include all sources of revenue.